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PP RUEHBC RUEHDIR RUEHKUK RUEHSL RUEHTRO

DE RUEHRL #1501/01 3281655

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FM AMEMBASSY BERLIN

TO RUEHC/SECSTATE WASHDC PRIORITY 5890

INFO RUCNFRG/FRG COLLECTIVE

RUCNIR/IRAN COLLECTIVE

RUCNNSG/NUCLEAR SUPPLIERS GROUP

RUEHIL/AMEMBASSY ISLAMABAD 0547

RUEHKL/AMEMBASSY KUALA LUMPUR 0113

RUEHNE/AMEMBASSY NEW DELHI 0585

RUEHFR/AMEMBASSY PARIS 1005

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C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 001501

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E.O. 12958: DECL: 11/24/2034

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MY, FR, GM

SUBJECT: ANGARSK NUCLEAR FUEL BANK: GERMANY CONCERNED ABOUT MARKET NEUTRALITY AND CONDITIONS OF SUPPLY

REF: A. STATE 120282

[B](#). BERLIN 1475

[C](#). STATE 117710

Classified By: Global Affairs Unit Chief Don L. Brown for reasons 1.4 (b) and (d).

[11](#). (C) Germany is supportive the ref A Angarsk nuclear fuel reserve proposal, but would prefer text changes that address concerns about "conditions of supply" and "market neutrality" before pledging co-sponsorship. Econoff met with MFA Desk Officer for Nuclear Energy and Non-Proliferation, Dr. Bernd Rinnert, and Economics Ministry (BMWi) Deputy Officer Director for Nuclear Energy Policy, Axel Goehner, while Poloff followed up with MFA IAEA Action Officer Hans-Peter Hinrichson. Goehner said his ministry is ready to co-sponsor, but that the German interagency decision remains snagged at the MFA. Goehner said that for the MFA to agree on co-sponsorship, the decision would probably have to come from Foreign Minister Westerwelle, who is due to arrive back shortly in Berlin after a visit to Israel. Hinrichson confirmed late on November 24 that MFA Arms Control Director General Gottwald and MFA Economics Director General von Fritsch were still debating the issue among themselves and that it was not clear whether they would have an opportunity to raise the issue with Westerwelle. Goehner was not optimistic that Germany will commit to co-sponsorship by the November 24 deadline, but nonetheless anticipates that the Russians will corral enough support this week to push the proposal through without them.

MARKET NEUTRALITY AND CONDITIONS OF SUPPLY ARE THE HANG-UPS

[12](#). (C) Goehner and Rinnert identified concerns about nuclear fuel market conformity and conditions of supply as the two biggest issues giving Germany pause in sponsoring the agreement. Goehner said the market neutrality question revolves around ensuring that Angarsk International Atomic Energy Agency (IAEA) fuel is only made available in the case of supply disruption due to political conflict, such as human rights. Germany wants language that clarifies that IAEA Angarsk-sourced fuel would be sold at market prices and that there would be no end-user discrimination beyond established IAEA, Nuclear Suppliers Group (NSG), or Non-Proliferation Treaty (NPT) guidelines.

13. (C) Goehner said the conditions of supply is much trickier and that Germany (the MFA) seeks language based on NSG nonproliferation guidelines that would deny fuel supply to non NPT-signatories, such as India, Pakistan, and Israel. Goehner said that although the Russians claim the Angarsk proposal is based on Russian legislation that includes NPT guidelines, Germany would really like to see the NPT as a condition for fuel eligibility included in the text.

14. (C) Hinrichson at MFA confirmed that inclusion of such language in the text would have made it much easier for MFA to co-sponsor the resolution. He said that alternatively, MFA had looked at getting other EU members to agree to a joint declaration on whom should have access to Angarsk fuel, but had run into opposition from France. Therefore, the MFA was still wrestling over whether it could co-sponsor without the text changes or the EU declaration. Hinrichsen said the chief concern was not to leave FM Westerwelle open to criticism that he was suddenly supporting arrangements that he would have opposed while out of government. Hinrichsen emphasized, however, that in any event, Germany "did not want to cause any trouble" and would vote in favor of the resolution.

RUSSIAN ANGARSK PROPOSAL LIKELY TO GO THROUGH

15. (C) Goehner thinks the Russians have likely already secured enough support for the proposal to go through this week. He said that he would be very surprised if any direct

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opposition shows up from the G-77 countries. He explained that for a country to oppose the Angarsk proposal, they would have to stand up in front of the IAEA (and the Russians) to voice opposition. Goehner thinks it is unlikely that any country, particularly among the Non-Aligned Movement (NAM), would be willing to do this because they all seem to need the Russians for something and do not want to poke the bear.

CAN RUSSIA BE TRUSTED WITH THE NUCLEAR FUEL SPIGOT?

16. (C) Clearly alluding to Russia's annual holiday tradition of cutting off its natural gas supply to Ukraine, Rinnert rhetorically asked if Russia could be trusted to not do the same thing with nuclear fuel. Rinnert emphasized Germany's insistence that any nuclear fuel reserve remain market-neutral, with the IAEA serving as the only controlling authority.

GERMANY STILL HAS HOPES FOR ITS MESP PROPOSAL

17. (C) Rinnert said that with all this talk about Angarsk, Germany does not want the international community to forget that Germany's Multilateral Enrichment Sanctuary Project (MESP) is still on the table. Rinnert said Germany still feels that MESP could become a reality and will send a delegation to Japan, South Korea, and Malaysia, in part to develop support for MESP.

MURPHY